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SUBJECT: VAZQUEZ ANNOUNCES A MAJOR CABINET RESHUFFLE

REF: A. EMAIL DOUTRICH-DRUCKER ET AL. 2/9/08
[1](#)B. EMAIL DOUTRICH-DRUCKER ET AL. 2/11/08

Classified By: Ambassador Frank Baxter
for reasons 1.4 (B) and (D)

SUMMARY

[1](#)1. (U) Summary: President Vasquez announced a major cabinet reshuffle in a February 11 televised address. His long-anticipated changes began in earnest when he convoked several ministers to his residence over the weekend to inform them of their departure. The current Ministers of Foreign Affairs, Defense, Industry, Agriculture, Housing and Education will leave their offices March 1. Out are key political faction leaders Jose Mujica and Reinaldo Gargano, who will return to the Senate where they can ply their political tradecraft ahead of the 2009 presidential elections. In is a team of younger, less politicized technocrats, in what Vazquez himself described as an attempt to decouple politics from the government's agenda.

[1](#)2. (C) SUMMARY CONTINUED: We view the changes positively, in particular the departure of FM Gargano, who will be replaced by the President's Chief of Staff Gonzalo Fernandez. In a February 12 meeting with Ambassador, Fernandez described himself as Gargano's antipode in many respects. He complained that Gargano had destroyed the MFA and Uruguay's image abroad. Fernandez said he and the President believe good relations with the U.S. are essential. END SUMMARY.

VAZQUEZ RESHUFFLES HIS CABINET

[1](#)3. (U) After private meetings with several outgoing ministers over the weekend, Vazquez officially announced a major cabinet reshuffle on February 11, the first since his government assumed power in 2005. The President lauded his cabinet, both those leaving and those who will remain, highlighting the GOU's achievements in reducing unemployment to 7.1%, raising employment to over 58% and increasing foreign investment. He insisted that the original cabinet was not a mistake, but rather the necessary team to strengthen the Frente Amplio (FA) coalition when it assumed the mantle of government for the first time. "Times change," said Vazquez, and politicians need to prepare for the electoral campaign ahead while the government focuses on

implementing its agenda.

¶4. (U) Vazquez announced that the cabinet changes would be effective March 1, allowing time for a transition period, an unusual occurrence in Uruguayan politics. Furthermore, he said, both outgoing and incoming ministers will attend the next three weekly cabinet meetings.

Minister of Foreign Affairs

¶5. (SBU) Gonzalo Fernandez, the President's current Chief of Staff, will replace Reinaldo Gargano as Minister of Foreign Affairs. Gargano will return to the Senate. According to media reports, Gargano, knowing his fate, delayed appearing at the residence for a few hours, cleaned out his desk, and made other gestures of defiance before seeing the President on February 8. Career diplomat and current Ambassador to Brazil Pedro Vaz will be the Vice-Minister.

¶6. (C) COMMENT: The Embassy is thrilled to be rid of the intractable Gargano, a proponent of the Venezuelan and Cuban brand of politics, who consistently sought to undermine relations with the U.S. Vazquez reluctantly included him in the cabinet to shore up the FA coalition. Gargano stated to media that he had reached an understanding with Vazquez that Uruguay's regional posture would not change. We doubt that will be the case and Fernandez himself told Ambassador on February 12 that he is Gargano's antipode in many respects. Fernandez is one of the President's closest advisors, and someone we believe is keen to deepen relations with the U.S. We expect the MFA will regain its prominence on key issues such as FTA discussions and managing the pulp mill controversy with Argentina. END COMMENT.

¶7. (SBU) BIOGRAPHIC INFORMATION:

CAREER HIGHLIGHTS: Fernandez is President Vazquez' legal advisor, Chief of Staff, and close friend. He is one of the President's closest advisors. In 2006, President Vazquez appointed Fernandez to coordinate Uruguay's political team at the International Court of Justice in the pulp mill dispute with Argentina.

Fernandez has worked extensively on human rights issues. He served on the board of the Peace Commission during the Batlle administration. The Commission investigated cases of those who "disappeared" during the military dictatorship, and sought to bring closure to this controversial issue. He previously worked as an advisor to Amnesty International.

Fernandez was previously a member of the Socialist Party and served as a member of the Party Board. He resigned from the Socialist Party in July 2002 after dubious allegations that he defended the Peirano family against bank fraud charges.

Since President Vazquez came to office, Fernandez abandoned all other political activities except those specifically requested by "my friend Vazquez." He prefers to maintain a low profile.

He is a trained criminal lawyer and has maintained his legal practice, generating criticism for occasionally siding with clients over the GOU during his tenure in government. He has taught law at the University of the Republic since 1994.

EDUCATION: He obtained his law degree from the University of the Republic in 1977 and did post-graduate studies in Germany, Spain, Chile, Peru, Bolivia and Paraguay.

PERSONAL DATA: He was born on March 21, 1952. He is divorced and has two children, Laura and Matias. He said he prefers teaching and writing to processing cases but still practices law to earn a living.

LANGUAGES: Fernandez speaks German and limited English.

VICE-MINISTER: Pedro Vaz is currently Ambassador to Brazil.

He is a career diplomat who used to head the Directorate of Bilateral Economic Relations, one of the three offices at MFA's Directorate General of International Economic Affairs.

He also served in Mexico for several years and in Geneva. He is easy going and very knowledgeable on global and regional issues and seems open to the US. He is in his mid-forties, married with children.

Minister of Defense

18. (SBU) Current Vice-Minister of Defense Jose Bayardi will replace Azucena Berrutti. Berrutti will retire from government service to care for her ailing husband. Socialist Deputy Jorge Menendez will be the new Vice-Minister.

19. (C) COMMENT: The appointment of Bayardi as MOD should be an overall positive move for U.S./Uruguay military to military relations. Bayardi is the best civilian candidate to fulfill Vazquez' goal to appoint technically competent ministers who will continue the FA's accomplishments to date.

Bayardi is neither pro- nor anti-U.S., but is likely to try to maintain positive relations with all nations. We believe he may be more willing to communicate with the U.S. than his predecessor was. Bayardi is the most political-minded of the new ministers and often views military engagement through a political prism based on his leftist congressional background. This may impact our mil to mil relations as the presidential elections approach since Bayardi retains future political aspirations. This appointment was well received by the military leadership, due mainly to their opposition to potential alternative candidates, including the newly appointed Vice Minister. END COMMENT.

110. (SBU) BIOGRAPHIC INFORMATION:

CAREER HIGHLIGHTS: Vice-Minister of National Defense (March 1, 2005 - March 1, 2008. Bayardi was a three-term Congressman (1990-2004) and served on the House Defense and Public Health Commissions. He was president of the Vertiente Artiguista Faction of the Frente Amplio from 1994-1998. In July 2000, he voted against Unitas operations in the region. He opposed the war in Iraq and is critical of the U.S. embargo on Cuba.

PERSONAL DATA: Bayardi was born on June 30, 1955 and is currently separated with two children.

EDUCATION: He graduated as a Medical Doctor from the University of the Republic in 1988 and worked for the Centro de Asistencia del Sindicato Medico del Uruguay (CASMU) and Circulo Catolico de Obreros del Uruguay, both private hospitals, until his 1990 election to Congress. He is a member of the Medical Doctor's Union. He did post graduate studies in Intensive Care (1988-90) and earned a Master's Degree in Health Services Management (1991-94).

TRAVEL: He traveled to Russia in 2007 at the invitation of the Russian government to discuss security cooperation. Attended the IX Foro de San Pablo (a forum of South American leftist organizations) in Havana, Cuba (January 2000). He also visited the Center for Hemispheric Defense Studies in 2007 with the U.S. Office of Defense Cooperation.

LANGUAGES: Bayardi understands and speaks English.

VICE-MINISTER: Jorge Edgardo Menendez Corte is an outspoken and friendly member of the Socialist Party in the Province of Durazno. Menendez currently represents Durazno in Congress; he serves on the defense and housing committees. He has been a member of the Frente Amplio since its formation in 1971 and joined the Socialist Party in 1973, serving on its Central Committee twice. He served on the city council of Durazno from 1985-1999. In 2004 he was elected to Congress.

Menendez is 53 years of age, trained as a dentist, married to Gloria Otegui and has three daughters, Carolina, Bernarda,

and Victoria. He is also a rancher and does business in the forestry sector.

Minister of Industry and Trade

¶11. (SBU) Daniel Martinez, President of ANCAP, the national oil company, will replace Jorge Lepra. Lepra is expected to assume an Ambassadorship, most likely in Paris. Gerardo Gadea will be the Vice-Minister.

¶12. (C) COMMENT: Lepra's removal should not reflect poorly on his tenure as Minister. He confided recently to EconCouns that he felt burnt out and was ready to leave. A prestigious ambassadorship is a financial reward compared to the cabinet and affords Lepra the opportunity to be closer to his two children living in Spain. END COMMENT.

¶13. (SBU) BIOGRAPHIC INFORMATION:

CAREER HIGHLIGHTS: Appointed president of ANCAP in March 2005, Martnez had an important career as a businessman (including some time at ANCAP) and consultant in Uruguay and abroad from the early nineties. He is also Vice-president of the Uruguayan Engineers Association and the Latin American Work Safety Engineers Association.

EDUCATION: Martinez graduated as an Industrial Mechanical Engineer from the Engineering Faculty of the University of the Republic.

VICE-MINISTER: Gadea, a member of the Nuevo Espacio party, is an economist and public accountant. He is a tax expert, has experience as a labor leader, and was elected as an alternate city council member in 2005. Vazquez described him as a specialist in small and medium-sized enterprises. He is 43 and comes from a family of limited means.

Minister of Agriculture

¶14. (SBU) Minister Jose Mujica will return to the Senate to prepare his party, the Popular Participation Movement (MPP) for the 2009 presidential elections. Current Vice Minister Ernesto Agazzi will replace Mujica and Andres Berterreche will be the Vice-Minister.

¶15. (C) COMMENT: Agazzi is likely to pursue policies very similar those of his predecessor, although he lacks the political gravitas of Mujica. END COMMENT.

¶16. (SBU) BIOGRAPHIC INFORMATION:

CAREER HIGHLIGHTS: Agazzi is currently Vice-Minister-designate of Agriculture. He was a founding member of the MPP and was elected Senator (2005-10). He was a congressman for the Department of Canelones (2000-2005).

PERSONAL DATA: Born in September, 1942 in Montevideo; he lived in the Canelones Department, in the location Guazu-Vira until elected Congressman in 1999. He moved to the neighborhood of Penarol and routinely rode his bike 10-kilometers each way to work in Congress. He has two daughters. He was imprisoned from 1972 to 1978 for his actions as a Tupamaro guerrilla. He lived in exile in Paris after his release from jail.

EDUCATION: Agazzi is an Agronomist, a scientific researcher and advisor, and a university professor. He owned a farm in the Department of Paysandu where he grew beetroot. He actively worked in the province of Canelones for the creation of the University of the Republic School of Agronomics Southern Regional Research Center in the town of Progreso.

LANGUAGES: He does not speak English.

VICE-MINISTER: Andres Berterreche is currently the Director

of the Forestry Department at the Ministry of Agriculture.

Minister of Education

¶17. (SBU) Maria Simon, President of Antel (the national communications company), will replace Jorge Brovetto. Brovetto will continue his interim duties as head of the Frente Amplio. Felipe Michelini will continue as Vice Minister.

¶18. (C) COMMENT: Major daily El Pais criticized Brovetto saying he did absolutely nothing at the ministry. In stark contrast, Simon has impressive academic credentials, which combined with her management experience, bode well for the ministry. END COMMENT.

¶19. (SBU) BIOGRAPHIC INFORMATION:

CAREER HIGHLIGHTS: Simon is the President of Antel, the state telecommunications company, and was trained as an Industrial Engineer. Since 1993 she has served as an honorary professor in the telecommunications department of the School of Electrical Engineering. She was Dean of the Faculty of Engineering at the University of the Republic from June 1998 until her appointment as President of Antel.

PERSONAL DATA: born in June 4th, 1954 in Montevideo, Uruguay.

VICE-MINISTER: Felipe Michelini was elected to the lower house in 1994 as part of the Espacio Nuevo faction of the Frente Amplio and was reelected in 1999 and 2004. He earned a law degree from the University of the Republic in 1987. He has served as a professor of human rights at the School of Law since 1991 and taught courses at the National Police School in 2001 and 2003. In 1992 he earned a Master's degree from Columbia University's School of Law. He also worked as consultant for the Secretary General of the United Nations Truth Commission in El Salvador until March 1993.

Minister of Housing

¶20. (SBU) Carlos Colacce, President of OSE, the state water company, will replace Mariano Arana. Arana is mentioned for a possible Ambassadorial appointment, although he is quoted in the media saying he does not see himself in a diplomatic role. Jacques Couriel, brother of MPP Senator Alberto Couriel, will be the Vice-Minister.

¶21. (C) COMMENT: The appointment of the current head of the water utility as Minister of Housing may indicate that Vazquez is looking at a managerial approach to the country's housing needs. END COMMENT.

¶22. (SBU) BIOGRAPHIC INFORMATION:

CAREER HIGHLIGHTS: Colacce is a civil engineer and current President of OSC, the state water company. He was Managing Director of the Executing Unit of the Urban Sanitation Project of the Montevideo Municipality (UESUM), an office created by the Municipality to manage sanitation projects with IDB financing.

Since 1996 he has overseen the Montevideo Sanitation Program and Metropolitan Area - Stage Three (PSU III), a USD 200,000,000 project with significant IDB financing.

He has taught at the University of the Republic, conducted research work, and worked as a consultant.

PERSONAL DATA: born on June 16, 1960 in Montevideo, Uruguay.

VICE-MINISTER: An architect and brother of MPP Senator Alberto Couriel, Jacques Couriel worked on an International Development Bank program to rehabilitate slum neighborhoods. He has also worked as a consultant to the Montevideo Municipality. Couriel signed an open letter in 2007 opposing an FTA with the U.S.

CHIEF OF STAFF

¶23. (SBU) The President named Miguel Toma as his new Chief of Staff to replace Gonzalo Fernandez. Toma is an independent with strong earlier ties to the Colorado party. He is currently serving as the Director of the National Office of Civil Service. He was Head of the Legal Department of the Ministry of Public Health (MSP) under President Sanguinetti and Director General of the (MSP) under President Batlle. The President's brother, Jorge Vazquez will continue as Deputy Chief of Staff.

¶24. (SBU) COMMENT: The nomination of a former Colorado party affiliate to one of the most powerful positions in the government is surprising. Toma keeps a low profile and many will be watching to see if he assumes as active a role as his predecessor. END COMMENT.

PARASTATALS

¶25. (SBU) ANCAP - Raul Sendic was named to replace Daniel Martinez as President of ANCAP, the state oil company. Sendic is the eldest son of the founder of the Tupamaro movement (MLN), Raul Sendic Antonaccio. He lived in Cuba during his youth, while his father was incarcerated in Uruguay. From 1999 to 2004, he was a representative in Parliament for the "26 de Marzo", a radical group at the extreme-left of the Frente Amplio. In 2005, he was nominated as Vice-President and member of the Board of ANCAP. Since then he has distanced himself from the 26 de Marzo group, with which he broke relations in 2006. He is regularly criticized by radical groups as have been "co-opted" by the establishment. Sendic participated in the June 2007 biofuels trip to the U.S. organized by the Embassy. He is particularly interested in biofuels.

¶26. (SBU) OSE - Martin Ponce de Leon, currently Vice Minister of Industry, was named to replace Carlos Carlace as President of the state water company, OSE. Ponce de Leon is a Industrial Electrical Engineer. He worked for Vazquez at the Montevideo Municipality as the Director of Public Works from 1990-1992 and Director of Environmental Planning from 1992-1995. Later under Arana, he was the Director General of Environmental Development from 1995-1996. In 1999 he was elected to congress where he served on the Housing Committee. He is a member of the Vertiente Artiguista party. Ponce De Leon was born in Montevideo on August 13, 1943, is married with four children and three grandchildren.

¶27. (SBU) ANTEL - Edgardo Carvalho, Vice President of Antel since 1995, will replace Maria Simon. Carvalho is a member of the Espacio Nuevo party and is the party's substitute Senator for Rafael Michelini. Carvalho is trained as a lawyer, was a university professor and provide legal council to political prisoners from 1968-1976. He also lived in exile in Spain during part of the dictatorship.

COMMENT

¶28. (C) COMMENT: The changes at MFA and Defense are net positives from our perspective. Fernandez in particular will be a welcome change from Gargano. In a February 12 meeting with Ambassador, Fernandez complained that Gargano had destroyed the MFA and Uruguay's image abroad. Fernandez said he and the President believe good relations with the U.S. are essential. While Fernandez says he was reluctant to accept the job, the President insisted that Fernandez was the only one, as a Socialist who could keep the FA formula intact. Fernandez expressed concern that Gargano would seek every opportunity from the Senate to argue that his "pure" ideological foreign policy was being undone and that the President's close man (Fernandez) was selling the soul of the party. Fernandez said he will remain Vazquez' confidant on general issues - despite his departure from the Presidency.

¶29. (C) COMMENT CONTINUED: Agazzi is likely to bring little change at Agriculture. The other three new ministers are well-known to us as managers of large parastatal companies. They reflect Vazquez' stated preference to bring technocrats into his cabinet who would be goal-oriented, not political. At the same time, we believe the changes reflect a strategic move to prepare the FA for the coming electoral contest, with Gargano and Mujica (and eventually Astori) free from cabinet responsibilities and able to focus on 2009. END COMMENT.

Baxter